

## **Background Guidance – PSC Bipartisan Debt Ceiling Framework**

- 1). The debt ceiling issue is all about paying our bills and it's about the long-term health of our economy. We can deal with both in a bipartisan manner.
- 2). As every well-regarded expert, business leader, and economist can attest, defaulting would potentially send our currency and markets into a free fall. It could send personal savings and 401ks plummeting. We could put the full faith and credit of the United States at risk, including losing the US as the pegged current globally.
- 3). Our nation is also on path to substantially increase our debt to GDP ratio from current alarming levels, which is unsustainable and fiscally dangerous.
- 4). Other nations might look to China for currency stability, especially because we won't be paying our bills and honoring our commitments. Without the ability for the US to print our currency, everything at home, from banks to companies, could shut down.
- 5). The sixty-four Members of the bipartisan Problem Solvers Caucus have drafted and backed a proposal in case the President and Congressional leadership are unable to reach an agreement. The PSC Bipartisan Debt Ceiling Framework takes a reasonable, responsible bipartisan approach — putting country and stability first.
- 6). Our bipartisan Framework will suspend the debt ceiling for six months to allow for the normal budget and appropriations process to work its course this fall and to negotiate deficit stabilization proposals in discretionary spending in the mid-term. We also support Congress appointing an independent fiscal Commission which can consider every means to address ballooning debt and deficit and put the country on a sustainable path. The Commission will include experts and appointees from both sides.
- 7). If the Commission is set up by December 31, 2023, the debt ceiling will be increased to defer any further debt ceiling effect until Congress votes on its report.
- 8). The Commission report will be due by December 31, 2024, and will have discretion to recommend savings, revenues, and expenses. It will be subject to a required up or down vote by Congress by February 2025.
- 9). Congress will also consider bipartisan budget reforms, as recommended by the Modernization Committee of 2019-2022 and the Select Committee of 2017-2018.
- 10). If the Commission fails to act, or if the Congress fails to adopt their recommendations, Congress will go back to the drawing board.
- 11). This process will prevent any short-term default on our debt, will help stabilize our nation's finances, and balance our economy in the long term.